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Agenda Item 10b

June 13, 2011

TO: MEMBERS OF THE INVESTMENT COMMITTEE

- I. **SUBJECT:** Quarterly Target Operating Model Update
- II. **PROGRAM:** Total Fund
- III. **RECOMMENDATION:** Information
- IV. **ANALYSIS:**

This agenda item provides an update on the implementation of the Investment Office Target Operating Model. The Target Operating Model is a key component of the Investment Office Organization Systems and Controls strategic priority and was presented at the February 2011 Investment Committee. Quarterly, we will provide a summary report of the project which includes an overview of the Target Operating Model key focus areas, sequence of major initiatives, major accomplishments and future key deliverables.

Attachment 1 is the report for the period ending May 31, 2011.

V. **STRATEGIC PLAN:**

This item supports the following CalPERS Strategic Goals:

- Goal I – exercise global leadership to ensure the sustainability of CalPERS pension and health benefit systems.
- Goal IX – achieve long-term, sustainable, risk-adjusted returns.

VI. RESULTS/COSTS:

The costs associated with phase 1 of target operating model implementation are included in the Investment Office's 2011-12 budget request.

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